



June 30, 2008

Dear Citizens of Sandy:

We are pleased to present to you the approved budget for the 2009 fiscal year (FY). This budget is a comprehensive financial plan of how Sandy can continue to provide services and amenities that make Sandy a great place to live, work, and play. The current economic downturn has slowed revenue growth. Despite this challenge, we are happy to report that many of the decisions made last year and our deference to sound financial principals have put us in a position to maintain services at a high level and to provide funding that will help us meet our goals.

SOUND PRACTICES MITIGATE EFFECTS OF ECONOMIC SLOWDOWN

The FY 2008-09 budget anticipates that the economic slowdown that started in the last quarter of 2007 will continue to affect revenue through 2008. The rolling twelve month average for taxable sales both in Sandy and statewide showed that growth fell by almost 50% between June 2007 and January 2008. We anticipate that sales will further decline through 2008 and then begin to slowly rise again. The economy will have a similar effect on other key revenue sources such as building permits and interest income. Efforts made by the Federal Reserve to stimulate the economy by reducing interest rates will reduce what the city earns in interest.

However, the decision to not build all of last year's revenue growth into the ongoing budget has had the desired effect of mitigating the impacts of a slowing economy. The ongoing revenue growth was instead used for one-time capital projects. As a result, we were able to build a fire station without incurring debt. We also set aside money to build new community centers. Additionally we avoided a property tax increase and maintained a property tax rate that is currently only 59% of the average rate of other major Utah cities.

CONTINUED PROGRESS ON CITY GOALS

The budget process begins by evaluating public input through our citizen survey. Together with the council members, we consider the citizen survey in conjunction with the input that we receive from individual citizens throughout the year. In February we used this input to reevaluate and adjust the city's goals. The following illustrates how the budget continues progress on each of the city's goals and continues to enhance the quality of life in our community.

Goal: Maintain and improve basic core municipal services – This budget maintains the city’s core municipal services and provides for some key improvements. Most notable is the addition of six twelve-lead defibrillator/monitors. These defibrillators greatly enhance the probability of our emergency medical teams to save patients that suffer a heart attack. This new and highly specialized equipment enables information on patient condition to be forwarded to the trauma center and reduce the time it takes for the patient to get the treatment needed.

Goal: Maintain the integrity of residential neighborhoods and preserve property values – This budget adds \$170,000 from the RDA for the housing project initiated and funded in last year’s budget. This program allows the city to buy and renovate problem properties in neighborhoods. The fund is intended to be a revolving account that will be replenished when homes are renovated and sold.

Goal: Preserve and improve public infrastructure and transportation systems – We are proposing a budget of \$3.3 million for improvements to our roads and sidewalks. This funding will address many elements of our road system including overlays, slurry seals, and other maintenance to provide for smooth, drivable surfaces. Additionally, improvements will be made to enhance the flow of traffic such as widening Monroe Street from 9150 South to 9400 South. We will also use \$130,000 to match a federal grant that will be used to improve the intersection at 90th South and 7th East and another \$291,000 to match a grant to reconstruct bridges in historic Sandy.

These improvements follow major work on State Street, 90th South, and 106th South that are nearing completion. Once these projects are completed, attention will turn to 13th East and also to the addition of a freeway interchange at 114th South. Since the last budget, funding has been added to resolve the final issue that had stalled the construction of this interchange. Work could begin as early as next fall.

Progress is also funded for Sandy’s water infrastructure. This marks the ninth year of aggressive funding of the water master plan. The budget again includes the 6.5% increase in water rates to fund that plan. A large share of the budget funds the \$4.2 million Metro assessment that pays for the new treatment plant at the point of the mountain and the aqueduct that brings this new source of treated water into Sandy’s system. The budget also includes an additional \$2.8 million of federal grant funding to replace the Granite Tank which brings the total funding for this project to \$8.4 million. There is \$900,000 of funding to drill the Flat Iron well. Again there is \$1 million budgeted to replace aging mainlines throughout Sandy.

Goal: Preserve and expand additional retail and clean commercial businesses – Much is happening that could forever change the face of Sandy and establish a firm economic base capable of sustaining Sandy for decades. The ReAl soccer stadium should be open this fall. Efforts are underway to facilitate the expected development that will surround the stadium. The Proscenium is another major project proposed for the property just south and west of City Hall. This project includes three 30-story towers, office, hotel, and retail space. The anchor attraction will be an art complex that will include a Broadway-style theater as well as a children’s theater and a black box theater. The first phase of this project is planned for 2011.

Goal: Develop and improve the city's recreational trails and increase recreational opportunities (i.e. provide park and green spaces for recreation activities and to enhance the environment) – Several projects such as the park near the amphitheater and the urban fishery are under construction and should be completed this fall. This budget includes funding for further green space such as phase 1 of the Quail Hollow Park. This phase includes \$284,000 to complete the trail system. There is also \$500,000 to purchase property that will provide another 10 acres of green space and serve as a southern connection to the Bonneville Shoreline trail.

Goal: Develop and maintain community facilities – A major component of this year's budget is further funding for two community centers. There is \$1.2 million of total funding in place for a center in historic Sandy and \$6.8 million for an expansion and renovation of the Alta Canyon Sports Center that would include new offices for the Parks and Recreation Department. \$1.8 million of the new funding would come from sale of property adjacent to the center and \$1.3 million is from an ongoing funding source. A specific plan for both centers has not yet been formulated. Work is currently underway to provide the information needed to determine the best course of action.

There is also \$200,000 budgeted for municipal buildings. Sandy has been able to add new or renovated buildings over the past several years. City Hall will be 15 years old this fall. The money in the municipal buildings budget funds a plan to maintain these buildings in a way that preserves them as an asset in our community.

Goal: Strengthen communications with citizens, businesses, and other institutions – The branding initiative started last year will receive additional funding. \$60,000 is included in the RDA and an additional \$25,000 in the general fund. The city will work closely with the Chamber of Commerce to promote Sandy. Two committees are also forming to support efforts both in economic development and arts development. Also noteworthy is the progress that has been made with the website. The site not only has a whole new look but also contains considerably more content of value to our citizens and businesses. Further efforts should offer more opportunities to make payments and other transactions on line.

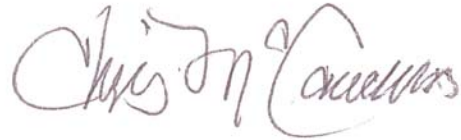
Goal: Maintain a highly qualified and motivated employee workforce – The citizen survey revealed that satisfaction with city employees is again at an all time high. This budget is attentive to maintaining this quality workforce. Included is a basic retirement package that includes a 5% performance increase for eligible employees. Also included is a 2% market increase for all positions. Due to increased costs and usage of the health insurance plans, premiums will increase by 8%. Since the last budget, Sandy has implemented a plan that allows retirees to stay on the city's health plans until they are eligible for Medicare. This plan requires employees to use money from their retiree health savings account. As a result, employees are rewarded for longevity and minimizing the use of sick leave and the city avoids the risk of incurring liability for future health care payments without adequate funding. Another significant commitment this year was to fund the police retirement on a noncontributory basis. This move significantly enhances the compensation for our police employees as the contribution to the retirement system will be fully paid by the city whereas employees currently pay 6.25% of their pay as a deduction from their check.

In summary, this budget maintains current service and allows progress to be made on the city's goals despite the slowing economy. Prudent decisions in past budgets have made this possible. We have continued this cautious approach with this budget to safeguard the city's long-term financial viability and thus we look forward to another successful fiscal year.

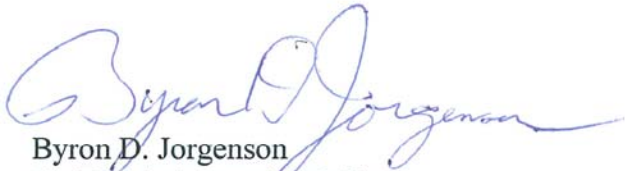
Respectfully,



Thomas M. Dolan
Mayor



Chris McCandless
City Council Chair



Byron D. Jorgenson
Chief Administrative Officer